

3.-

Compendium [1896]

INFORMATION

FOR THE

(F107)

ELECTORS

No. 1.

CONTENTS :

THE PUBLIC DEBT	2	An Answer by Comparison	10
How the Debt was Incurred ..	2	THE INCIDENCE OF TAXATION	11
What we have to show for the Debt	3	The Rich Man's Contribution	11
Grit Increase of Debt	3	The Farmer's Contribution	11
The Burden of Debt	4	Taxation in Canada and United	
THE TAXATION CRY	5	States	12
Is our Taxation Increasing? ..	5	Taxation in Free Trade Great	
Table showing Tax Reductions since		Britain	12
1892	6	The Application of Taxation ..	13
PUBLIC EXPENDITURE	7	The Savings of the People	13
Classes of Expenditure	7	Deposits in Savings and other Banks	13
The Charges on Debt	7	THE CREDIT OF CANADA	14
Subsidies to Provinces	8	Table of Loans Raised	14
Collection of Revenue	8	A COMPARISON OF 1874-79 WITH 1890-95	15
Other Expenditures	9	Table showing Earnings and Taxa-	
Why Increase in "Other Expendi-		tion by Customs and Excise duties	
tures"	9	since 1868	16

FBI 228967 CTSE I

THE PUBLIC DEBT.

Table showing the net debt, the interest paid on debt, the interest received from investments, the net interest paid, and the net rate of interest, and the interest per head of the population for each year since Confederation:—

Year.	Net Debt.	Total Interest paid on Debt.	Interest received from Investments.	Net Interest paid.	Net rate of Interest paid.	Net Interest paid per capita.
1867....	\$75,728,641					
1868....	75,757,184	\$4,501,568	\$126,419	\$4,375,148	4.51	1.29
1869....	75,859,319	4,907,013	313,021	4,598,992	4.08	1.35
1870....	78,209,742	5,047,054	383,955	4,663,098	4.02	1.86
1871....	77,706,517	5,165,304	554,383	4,610,920	3.99	1.81
1872....	82,187,072	5,257,280	483,041	4,769,189	3.89	1.83
1873....	99,848,461	5,209,205	396,403	4,812,802	3.70	1.81
1874....	108,324,964	5,724,486	610,863	5,113,573	3.61	1.84
1875....	116,008,878	6,599,790	840,886	5,749,903	3.78	1.48
1876....	124,551,514	6,400,902	793,905	5,601,996	3.47	1.42
1877....	133,235,309	6,797,227	717,684	6,079,542	3.47	1.51
1878....	140,362,069	7,048,883	605,774	6,443,109	3.63	1.58
1879....	142,990,187	7,194,734	592,500	6,602,234	3.67	1.59
1880....	152,451,588	7,773,868	834,792	6,939,076	3.56	1.64
1881....	155,395,780	7,591,144	751,513	6,842,631	3.42	1.58
1882....	153,661,650	7,740,804	914,009	6,826,795	3.32	1.56
1883....	158,466,714	7,638,552	1,001,192	6,667,359	3.29	1.50
1884....	182,161,850	7,700,190	986,698	6,713,482	2.76	1.50
1885....	196,407,692	9,419,482	1,997,035	7,422,446	2.80	1.64
1886....	223,159,107	10,137,008	2,299,078	7,837,929	2.86	1.71
1887....	227,314,775	9,682,928	990,886	8,692,042	3.18	1.88
1888....	234,531,358	9,823,313	932,025	8,891,287	3.12	1.90
1889....	237,530,041	10,148,931	1,305,392	8,843,539	3.07	1.86
1890....	237,533,311	9,656,841	1,082,271	8,574,569	2.99	1.79
1891....	237,809,030	9,584,136	1,077,228	8,506,908	2.93	1.76
1892....	241,131,434	9,763,978	1,086,419	8,677,558	2.93	1.77
1893....	241,681,039	9,806,888	1,150,166	8,656,722	2.88	1.74
1894....	246,183,029	10,212,596	1,217,808	8,994,787	2.91	1.79
1895....	253,074,927	10,466,294	1,136,046	9,130,247	2.93	1.79

The above table shows for each year, since Confederation, the net debt, the interest paid on debt, the interest received from investments, the net interest paid, the net rate of interest, and the net rate of interest per head paid, as taken from the official published accounts.

The net debt has increased by \$177,346,285, while the rate of interest has decreased 1.64 per cent. (from $4\frac{1}{2}$ to 2.87 per cent.), or over one-third.

The debt consists of loans payable in London and running for more or less long periods, of stocks and debentures payable in Canada, of Dominion and provincial notes in circulation on which no interest is paid, of Savings Bank deposits bearing $3\frac{1}{2}$ per cent. interest and of trust funds and provincial accounts.

The assets consist of sinking funds attached to various loans invested at current rates of interest, of various interest-bearing

investments, and of provincial and miscellaneous accounts. The total interest received on these assets in 1895 was \$1,336,046, being at an average rate of 2.05 per cent.

How the Debt was Incurred.

What constitutes this net debt of \$253,074,927, and how was it incurred?

At the time of Confederation, four Provinces came together to form the Dominion, viz.: Ontario, Quebec, New Brunswick and Nova Scotia. These four Provinces had at that time each its Provincial debt, and these debts were assumed by the Dominion. This, however, was not a creation of new debt, but merely the transfer of the old debt from the separate Provinces to the confederated Dominion. In 1870, Manitoba was formed into a Province, and in 1871 and 1873, British Columbia and Prince Edward Island came into the Confederation, and the debts of these Provin-

ces were also assumed by the Dominion. In 1884-5-6, it was found that the Provinces were not yet put upon an equitable basis, and a final adjustment was made which allowed them \$10,291,051 additional. The total amount of debt allowed to the Provinces and which the Dominion now carries is \$109,430,148. This is not a debt created by the Dominion for its own uses, but simply represents debts of the Provinces forming the Dominion, and which has been assumed by the Federal power. Subtracting this amount from the total net debt of \$253,074,927 leaves a net debt of \$143,644,779 incurred by the Dominion for its own uses from 1867 to 1895 inclusive.

What we have to show for the Debt.

1. The Northwest, a vast and fertile country, stretching from the western confines of Ontario to the Pacific ocean, and from the northern boundary of the United States to the Polar seas, and containing an area of 2,708,250 square miles, incalculably rich in agricultural, mineral, lumber and fish resources, was purchased from the Hudson Bay Company, and incorporated into the Dominion. It has been organized and opened up for settlement at a total capital cost, including expenditure on Dominion lands, of \$6,588,903. Can any one say that this magnificent country is not worth the amount spent for it?

2. The Intercolonial Railway, connecting Halifax and St. John with the Central system at Quebec and its complements in Prince Edward Island and Nova Scotia, and forming a necessary and invaluable means of intercommunication, 1100 miles in length, has been built at a capital cost of \$45,929,860. Could we have done without this?

3. The Canadian Pacific Railway, connecting with its own rails Vancouver on the Pacific to Toronto, Montreal, Quebec and St. John on the Atlantic seaboard, and with numerous branch lines to other sections, forms a magnificent line of over 6,500 miles in length, and superior in equipment and construction to any great line of railway in the world. This has been aided by the Dominion to the extent of \$62,653,745 in cash. No one would propose to give up this road with all its immense benefits for the money it cost.

4. The canal system of Canada which opens the finest water communications in the world, has been extended and is now nearly completed at a capital cost of \$44,161,311, and the St. Lawrence river, the main river artery of our commerce, made

navigable for vessels of deepest sea draught up to Montreal at a cost of \$2,725,504. The Sault Ste. Marie canal included in the foregoing system and cost has been completed at an outlay of \$3,258,025 and gives us a waterway within our own territory to the heart of our great western country and renders us independent of the caprices or control of the United States. No one would dare to propose that we should have remained without these canals simply to have saved the cost of their construction.

To recapitulate then, Canada has expended on these magnificent and essential works as follows.—

N. W. Territories.....	\$ 6,588,903
I. C. R. and connected railways ..	45,929,860
The Canadian Pacific R. R.	62,653,745
Canal and river improvement	46,836,815

Total.....\$102,059,323

Thus we see that the sum of \$143,644,779 net debt incurred by Canada since Confederation for her own uses is more than accounted for by the purchase and organization of the Northwest, the perfecting of our canal system, the construction of our Intercolonial, and the aid given to the C. P. Railway, the difference having been met by revenue.

And, besides this, we have erected public works of utility in every part of the Dominion, constructed our Parliament Buildings at Ottawa, and surveyed, and made ready for settlement in the Northwest, lands sufficient for an empire. This the Government has been able to do out of revenue.

Will any reasonable, thoughtful Canadian, when he places on one hand the debt incurred, and on the other the inestimable advantages of the great public works and territory, above enumerated, say that Canada has not full value for the money expended? What would Canada be to-day without her fertile Northwest, her vast and complete lines of railway and canal transport, which form the essential arteries of commercial life and warrant her national existence and prosperity? The Northwest alone last year produced about 80,000,000 bushels of grain of all kinds, which at 30 cents per bushel would be worth \$24,000,000 or nearly four times what that country has cost us.

Grit increase of Debt.

But it must be remembered that the increase of debt so much talked about by the Opposition leaders and press, was not all incurred under the Liberal-Conservatives.

Unfortunately for Canada, a Reform Government was in power from 1874 to 1879, and this Government has left a record behind it with regard to debt increase which it will be instructive to recall.

On the 1st July, 1873, the net debt of Canada, was \$99,848,461. The Reformers took office during that year, and remained in power until 1878. On the 1st July, 1878, the net debt of Canada had reached \$140,362,069. The increase during their administration was \$40,513,608, an average increase of \$8,102,721 per year. The average increase for the twenty-three years of Liberal-Conservative administration has been \$5,949,246 per year. But it must be remembered that the many expenditures upon the Intercolonial Railway, the C. P. Railway, the Northwest Territory, and almost the whole increased debt allowances to Provinces, occurred during the Liberal-Conservative administration. If we take out the allowances to Provinces in both cases, the average increase of net debt under the Reform Government is \$7,100,000, whilst the average increase under the Liberal-Conservative Government has been only \$4,826,797 per year.

The Burden of Debt.

But in all this talk about the debt it is well to take account of another consideration.

The measure of the burden of debt is the yearly interest which it bears and which the people has to pay. If we look at the debt of Canada in this way we shall find a sufficient antidote for any alarms that may have been caused by extravagant assertions as to the crushing nature of our debt. The net debt at Confederation was \$77,500,000. This, remember, was simply the aggregation of the debts of the four provinces which then formed Canada, and was merely transferred from the provinces, individually, to them collectively. The interest on this amount divided by the population at that period gave \$1.29 per head. That is, the burden of debt in 1867 before the Dominion had added one cent to the public debt, was \$1.29 per head of the population.

On the 1st July, 1873, when the Liberal-Conservative Government went out, the debt amounted to \$99,848,461 and the burden or interest of the debt amounted to \$1.31 for each person, an increase of two cents per head in five years, or of 2.5 of a cent per year.

On July, 1878, the beginning of the fiscal year when the Reform Government went out of office, the debt had risen to \$140,362,069

and the burden or interest on the net debt had increased to \$1.58 per head, an addition under the Reform Government of twenty-seven cents per head during five years, or over 5 2.5 cents per head per year.

On July 1st, 1890, the burden of the net debt, or interest per head, was only \$1.79, an increase in 12 years of only 21 cents, or $1\frac{3}{4}$ cents per year. On July 1st, 1895, the interest per head was \$1.79, exactly the same as in 1890.

But since 1878 Canada has built the C. P. R., the Short Line, the Cape Breton Road, deepened its canals and rivers and liberally subsidized new lines of railway and steamship communication. And all this has been done at the added burden for interest of $1\frac{1}{2}$ cents per head per year so far as the public debt is concerned.

To recapitulate then we find :—

1. That \$109,430,148 of the present net debt of Canada consists of debts which were owed by the Provinces which were taken over by the Dominion, and which are now carried by it.

2. That the additional \$143,644,779 of the debt has been incurred by the Dominion during the 29 years of Confederation—an average of less than \$5,000,000 per year.

3. That the increase of the debt during the Grit regime from 1873 to 1878 was \$40,000,000 or \$8,000,000 per year.

4. That the interest upon the debt—which measures its burden—was \$1.29 per head in 1867, \$1.31 in 1873, \$1.58 in 1878, and is now \$1.79.

The Grit increase was in five years 27c. per head or 5 2.5 cts. per year; the Liberal-Conservative increase in 18 years was 21 cts. or $1\frac{1}{2}$ cts. per year.

Since 1878 the C. P. R. has been built, the Sault Ste. Marie canal built, the canals and rivers deepened, and numerous railways subsidized in every part of Canada.

And all this for an additional debt burden of $1\frac{1}{2}$ cts. per head per year!

5. That it was absolutely necessary that Canada should have these railway and canal facilities, and should possess the great Northwest. Nobody now denies this; everybody agrees to it.

To acquire the great Northwest, and to build the Intercolonial, the Canadian Pacific, the Short Line, the canals and lesser railways required money. It could be raised only by loan and was so raised. Hence the debt and the interest we pay upon it.

The total interest cost since Confederation has advanced from \$1.29 per head to \$1.79 per head or 50 cents!

Will any one maintain that for the sake of an annual charge of 50 cts. per head of its people, Canada would be willing to give back the Northwest, and do without the railways and canals? Would the Grits, if they came into power, repudiate the debt and destroy all that it represents?

By no means.

They are only talking and the electorate will value their talk at its true worth, viz:—*Nothing.*

THE TAXATION CRY.

The Grits try to make it appear that the Liberal-Conservative party is a party of excessive taxation. Let us examine this allegation. The Total revenue of Canada for the years 1890 and 1895 is shown in the following table:

	1890	1895
Customs revenue.....	\$23,968,954	\$17,640,466
Excise “	7,618,118	7,805,733
Earnings.....	8,292,833	8,531,930

Total revenue.... \$39,879,925 \$33,978,129

1. The customs duties are derived from imports from foreign countries which include articles of necessity and luxury—among the latter being classed liquors, tobacco, silks, jewelry &c.

2. The excise duties are derived from the manufacture of liquors and tobacco in Canada.

3. The “Earnings” include the revenues from the Post Office, the Railways and Canals, the Public Works, and interest on various accounts and investments.

It is obvious that these latter, (viz., Earnings,) amounting in 1895 to \$8,531,930 are in no sense taxation. They are simply either payments made for services rendered in carrying the peoples’ letters and papers, and their goods and produce, or are amounts derived from rents, interests on loans or public improvements and fees for various services.

The amount paid in excise is entirely voluntary. The man who smokes or drinks pays; the man who does neither, pays nothing. Every man has the option therefore as to whether he contributes or not any portion of the \$7,805,733 collected last year as excise.

The same is true of that portion of the Customs revenue derived from imported liquors and tobaccos, which in 1895 amounted to \$2,363,523.96.

The total amount therefore paid in 1895 in Excise and in Customs on liquors and tobaccos, amounted to \$10,169,256, all of which is voluntary and is not contributed to by that large proportion of our people who use neither tobaccos nor liquors.

If then you take from the total revenue in 1895 the amount paid on liquors and tobacco, viz., \$10,169,256, and the amount of earnings, viz., \$8,531,930, a total of \$18,701,186, it leaves \$15,276,943, which may be looked upon as the real taxation of the country upon articles of necessity and of luxury other than tobacco and liquor. This amounts to \$3.00 per head of our population and is by no means an excessive rate; in fact in comparison with other countries of the world it is a very low rate.

But it must be remembered that out of this revenue Canada pays for the Provinces:

1. A yearly subsidy of.....	\$ 4,250,674
2. Interest on provincial debts....	4,070,801
3. Salaries of Provincial Govern- ors, Judges and Courts.....	738,379

Total..... \$ 9,059,854

which relieves the Provinces of so much increased taxation for services which for instance in the United States the various states have to meet by direct taxation.

With the remainder Canada manages her Railways, Canals, Public Works, Harbour and River improvements, Steamship services, marine interests and generally looks after the widely distributed and necessary services of a great and growing young country.

Is Our Taxation Increasing?

The Grits say so, and denounce the Liberal Conservatives for “piling up taxation” as they say. What are the facts?

Compare the customs taxation for 1890 and 1895 as given above. In 1890 it was \$23,968,954; in 1895, \$17,640,466. So that instead of “piling up” it has decreased in that period by \$6,328,488 or \$1.25 per head of the population.

No instance can be found in Canada, or in any other country, of so great a decrease in taxation in a similar period of time.

From 1874 to 1878 when the Grits were in power, the average customs tax per head of the people was \$3.44, in 1874 it was \$3.77, and in 1875 it was \$3.95; in 1895 it was \$3.52 per head, or less by 43 cents per head than in 1875.

The great reduction in customs taxation of 1895 compared with 1890 is almost entirely due to the removal of taxes upon a variety of articles, but chiefly in the abolition and reduction of the duties on sugar.

The remission of sugar duties alone since 1891 has amounted to \$19,624,521 or an average per year of \$4,906,130 saved to the people.

Since 1882 the Liberal-Conservatives have abolished the duty on tea, black, 2c. per lb. and 10 per cent.; green and Japan, 3c. per lb. and 10 per cent.; on coffee of 2c. per lb.; on anthracite coal of 50c. per ton; on tin, from which the great canning and preserving industries of the country, as well as every home in tinware used receive

the benefit, of 10 per cent.; on bill stamps which taxed every commercial or business transaction; on newspapers, the people's literature; on sugar of which our people use over 350,000,000 lbs. annually; have reduced duties on window glass 10 per cent.; on molasses 15 per cent.; and in 1894 they made a general reduction along the whole line of tariff articles amounting to about \$1,500,000 on previous importations. In 1895 $\frac{1}{3}$ the duties were restored upon sugar.

The following table shows at a glance the great reduction in taxation effected by Liberal-Conservatives since 1882:—

SAVING in Taxation caused by transferring Tea, Coffee, Anthracite Coal, Tin, Raw Sugar Bill Stamps, from the Dutiable to the Free List, the carrying of Newspapers free from the office of publication and by reducing the Duty on Tea and Coffee not imported direct, and on Molasses, Refined Sugar and Window Glass.

Year	Tea.	Coffee.	Coal.	Tin.	Sugar.	Bill Stamps.	News-papers.	Mo-lasses.	Window Glass.
	\$	\$	\$	\$	\$	\$	\$	\$	\$
1882.	445,879	36,384	.....	57,235	.....	139,448	.....	.....	.....
1883.	818,703	50,875	.....	102,732	.....	224,645	44,088	.....	.....
1884.	732,164	44,776	.....	82,353	.....	227,325	44,594	.....	.....
1885.	686,475	82,785	.....	90,269	.....	229,805	45,100	.....	.....
1886.	1,021,151	76,778	.....	96,461	.....	232,335	45,606	.....	.....
1887.	815,434	36,220	75,191	101,840	.....	234,965	46,112	.....	.....
1888.	751,558	54,877	1,068,652	104,539	.....	237,546	46,618	.....	.....
1889.	735,775	61,206	643,052	112,945	.....	240,126	47,124	.....	.....
1890.	770,260	61,473	600,667	117,503	.....	242,706	47,630	21,198	18,299
1891.	751,969	64,559	699,593	113,011	227,474	245,286	48,136	75,461	34,789
1892.	953,511	64,241	739,553	152,353	5,200,000	248,629	48,795	59,924	89,245
1893.	759,323	69,402	750,275	121,018	4,000,000	251,798	49,416	59,876	33,142
1894.	815,226	62,452	765,261	123,690	4,821,000	254,840	50,014	64,560	34,869
1895.	826,611	66,550	702,171	89,614	5,303,090	257,984	50,631	54,756	25,636
					*300,521				
	11,034,039	832,528	6,044,355	1,465,108	19,851,995	3,267,888	613,864	335,775	185,980

* Refined sugar.

Grand Total \$48,681,027

When the Grits were in office, from 1873 to 1878, they did not relieve the country of one single dollar of taxation; they on the contrary added again and again to the tax rate.

But the Grits say:—

"You collect more revenue now than we did."

Certainly we do, and why? Because the country has grown since 1878, and just as a farmer's or a merchant's income increases in proportion as his business and output increases, so must a country's.

The following table shows the revenue,

and revenue per head in the years named.

	1875	1895	What would have been collected in 1895 on per cap. basis of 1875.	
Customs	\$1,351,011	\$17,640,466	\$20,079,525	Customs
" per head	3.95	3.52		
Excise	5,318,867	7,805,733	6,964,291	Excise
" per head	1.37	1.53		
Earnings	3,983,837	8,531,930	5,286,761	Earnings.
" per head	1.04	1.63		
Total	\$24,648,715	\$33,978,129	\$32,330,577	
Total per head	\$6.36	\$8.73		

From the above it appears that in 1895:—

1. We collected less customs duties per head of the population than in 1875 by 43 cents. That is, on the necessities of life our taxation is much less than in 1875.

2. We collected more excise duties on liquors and tobaccos by 16 cents per head, *i.e.*, on the luxuries of life which are purely voluntary, the taxation is heavier than that placed by the Grits. This is as it should be, for luxuries should always have heavier taxation than necessities.

3. Our earnings are more by 64 cents per head than in 1875, *i.e.*, our public works are more productive under Liberal-Conservative administration.

PUBLIC EXPENDITURE.

The Public Expenditure.

Perhaps no one aspect of administration has been more persistently misrepresented in late years by the Opposition than the public expenditure. It is an easy matter to make assertions, to distort facts, to magnify figures, and the vicious habit seems to have grown upon Liberal writers and speakers until it has become a sort of second nature with them. We propose, however, to deal with the important subject of expenditure not in the terms of stump oratory, but in a plain matter-of-fact way, taking the figures from the official records, and setting them forth without gloss or subterfuge, so that an intelligent appreciation of the exact position of the finances may be formed:

In the first place, then, it obviously gives no clue to the real state of things to say that fifteen or twenty years ago the total expenditure was twenty-five million dollars, whereas it is now over thirty-six millions. We must also know for what purposes and to what advantage the additional money is spent. There are hundreds of merchants in Canada who to-day are paying out for salaries, rents and other expenses two or three times as much as they paid for like services twelve or fifteen years ago; yet no one will be so stupid as to say that this additional expenditure is an evidence of business incapacity, of extravagance and the like. Before an opinion on the point is formed, it must first be ascertained whether the business profits of the merchant have increased in a similar ratio to the expenditure, and when such is the case, the greater cost of carrying on operations is found to be an evidence of prudent and successful management. So with the finances of a country. Before judgment can be passed on the expenditure we must understand the uses to which the money is put.

Classes of Expenditure.

The public expenditure naturally resolves itself into four distinct classes, namely: (1) Charges arising out of the debt; (2) Subsidies to provinces; (3) Collection of revenue; (4) Other expenditure.

The Charges on Debt

These consist of interest and sinking fund, in the latter of which the Government puts aside every year a certain amount of money to reduce the debt. These charges have steadily increased since Confederation as might be expected in the case of a young country whose resources await development, whose means of intercommunication have to be provided, whose transportation facilities have to be improved, for all which purposes debt is necessarily and very wisely incurred. When in 1876 Sir Richard Cartwright went to London as Finance Minister, for the purpose of negotiating a loan, he issued a circular to the capitalists of England, setting forth the amount of Canada's debt, every dollar of which he stated had been incurred for "works of public utility." The same statement can with equal truth be made of the debt of to-day.

Since then the Intercolonial railway has been finished, the Northwest opened up, the Canadian Pacific railway built, the Sault St. Marie canal constructed, the system of lake and St. Lawrence canals brought nearly to completion, and numerous important railways and public works completed at a large outlay. The money for these has been raised by loans chiefly in England, and on these loans interest must be paid.

This interest forms now a very considerable portion of our total expenditure—considerably more than one-fourth.

The following table shows the total gross interest payments for the years named:—

1873.	\$5,209,205	1889.	\$10,148,921
1878.	7,048,883	1893.	9,806,888
1884.	7,700,180	1895.	10,466,294

Though the net debt has increased over \$100,000,000 since 1873, it will be seen that the interest increased only about \$3,400,000; or \$200,000 per year; while from 1873 to 1878, during which period the debt increased \$40,000,000, the interest increase was \$1,800,000, or \$360,000 per year.

The lesser proportionate increase since 1878 is due to the better credit of Canada and the lower rates of interest.

In the last six years the increase in interest has been only \$317,363, or \$53,000 per year. The other charges on debt were : 1873, \$178,644; 1878, \$192,085; 1895, \$278,868.

The expenditure for sinking funds, (which is so much taken from the revenue each year and invested for the purpose of cancelling our loans at the period of maturity) has of course steadily increased. But though this swells the yearly expenditure it is really so much laid up against the debt. The following table shows the amounts invested for sinking fund in the years named :

1873.	\$407,826	1890.	\$1,887,287
1878.	945,746	1895.	2,002,311

We are therefore setting aside from revenue over \$2,000,000 per year towards payment of debt, to an average of about \$750,000 by the Grits from 1874 to 1879.

Subsidies to Provinces.

The expenditure represented by subsidies to the provinces, also, calls for little comment. These appropriations are made each year in accordance with the terms of the constitution, and are not in any sense a matter of party politics. Nor should they be regarded as a source of Dominion taxation, since the expenditure simply represents payment of the peoples' money to the Local Governments by way of the Federal treasury, instead of by way of direct taxation, as would be necessary if the subsidies were abolished. The amount paid as subsidies to Provinces in 1878 was \$3,472,807; and in 1895 it was \$4,250,674. This shows as an increase in expenditure but it is an increase returned to the people directly for provincial purposes.

Collection of Revenue.

The expenditure for the collection of revenue calls for closer examination. In a general way it may be described as like that of the merchant or manufacturer whose expenses increase with the growth of business or the extension of his field of operations. For example, under the head of "collection of revenue" is included the expenditure on the postal service, for running the Intercolonial and of the Prince Edward Island railways, for working the canals, for the administration of Dominion lands, and of course for the collection of customs and excise duties. As these several services grow it will be readily understood that the expense of managing them must increase; but, on the other hand the revenue correspondingly expands.

Take the case of the postal service. It is established, not as a money-making business, but for the convenience and advantage of the public. The Government acts on the principle of giving the best possible postal service the revenue will permit, and we may add that in no other country in the world is so cheap and efficient a postal system in operation. If the growth of revenue keeps pace with the growth of expenditure, the real or net cost of the postal service does not increase, and from the taxpayers' point of view he can regard a rising scale of expenditure with equanimity. It is the net cost only that interests him.

So with the railways and canals operated by the Government: the enlargement of traffic involves additional cost for handling, but inasmuch as the revenue is also increased, the net cost, in other words, the burden on the taxpayer, is not augmented one penny. In the last three years the deficit in working the Intercolonial railway has entirely disappeared. In Mr. Mackenzie's time this deficit averaged \$382,059 per year. The following is a statement of the revenue received and the cost of collecting it under Liberal and under Conservative administration :—

	Revenue.	Increase.
1873... ..	\$20,813,470 }	\$1,561,541
1878... ..	22,875,011 }	
		Decrease.
1890.....	39,879,925 }	\$5,901,796
1895.....	33,978,129 }	
	Cost of Collecting.	Increase.
1873.....	\$3,395,475 }	\$1,905,649
1878.....	5,301,124 }	
		Decrease.
1890.....	9,182,941 }	53,525
1895.	9,129,416 }	

Now, it will be observed that the Liberals in their term of office increased the collections of revenue by \$1,562,000, but they spent \$1,905,649 more in the doing of it, leaving the finances \$350,000 worse off as the result of their methods; whereas, under seventeen years of Conservative rule the revenue has increased \$11,603,118, at an additional cost for collecting of only \$3,828,292. From 1890 to 1895 the decrease in cost of collection is only \$53,525.

It may be answered however, that the tariff is higher to-day than in 1878, and that it is unfair to include customs and excise revenue in the comparison above instituted. Very well: we will examine the results of the administration of the two parties in respect of the Post Office and Public Works. Here it is :—

REVENUE.

	1878.	1879	1895.
Post Office...	\$333,657	\$1,172,418	\$2,792,769
Public Works	1,316,633	1,863,149	3,591,689
Totals...	\$2,150,292	\$3,035,567	\$6,384,478

EXPENDITURE.

	1878.	1879.	1895.
Post Office...	\$1,067,866	\$1,784,423	\$3,593,647
Public Works	1,496,185	2,680,979	3,855,824

Totals...	\$2,564,051	\$4,465,402	\$7,449,471
Excess of expenditure over revenue.	413,759	1,429,835	1,064,998

During their term of office, the Liberals increased the net expenditure upon the above services from \$413,759 to \$1,429,835. In 1895 the net expenditure was \$1,064,993 or \$364,842 less than in 1879.

While, therefore, in 1895 \$7,449,471 were expended in running the Post Office and Public Works (Railways and Canals) as compared with \$4,465,402 in 1879, this involved no increased taxation, for the receipts in 1895 were \$6,384,478 as compared with \$3,035,567 in 1879. That is in 1895 as compared with 1879 our expenditure was greater by \$2,984,000 and our revenue greater by \$3,300,000; a gain of \$316,000 on the balance.

From 1873 to 1879 the excess of expenditure over income increased from \$413,759 to \$1,429,835 or 250 per cent.; from 1879 to 1895 it decreased from \$1,429,835 to \$1,064,993 or over 25 per cent.

There is one prime fact always to be borne in mind, that is, that the public expenditure has not increased in ten years. Hear are the figures of the total expenditure on account of the consolidated fund:—

1886.....	\$39,011,613	1891.	\$36,343,563
1887.....	35,657,680	1892. ...	36,765,894
1888.....	36,718,494	1893.....	36,814,053
1889.....	36,917,834	1894.....	37,585,025
1890.....	35,994,031	1895.....	38,132,005

It has been shown already that the subsidies to provinces, purchases for the sinking fund and expenditure for the collection of revenue do not constitute burdens of taxation, as the term is understood. They are in the nature either of a re-payment to provinces out of revenue, an investment or an outlay covered by increased revenue without additional taxation.

Other Expenditures.

Other expenditures, including Civil Government, Legislation, Justice, Militia, Fisheries, Police, Indians, Immigration, Quarantine, Marine, Ships' Subsidies and

Public Works chargeable to revenue, make up the total spent each year by the Dominion. These services are very important and are constantly enlarging as the country grows.

The following shows the amount of these expenditures in the years named:—

1878.....	\$7,062,095	1890.....	\$11,131,680
1878.....	6,542,510	1895.....	12,004,358

Decrease	519,585	Increase	872,678
----------	---------	----------	---------

Why is There an Increase in "Other Expenditures."

The question may be asked, why this large increase in "Other Expenditures" in the later period as compared with 1873-8.

1. The Northwest has been opened up, provided with a government and services adequate to that large territory, and this has involved a charge of \$303,626 in 1895 compared with \$18,199 in 1878.

2. Most of the Indian tribes have come under treaty, surrendered their titles to lands, and been placed on reserves where they are taught farming, provided with treaty provisions and clothing, and their children taught in common and industrial schools. The cost of all this was in 1895 \$955,403 as compared with \$421,503 in 1878.

3. The Government has adopted a progressive policy with regard to agriculture. Experimental farms have been established at five points in Canada, which have proved of immense advantage to farmers in obtaining knowledge of new grains and seeds, in improved methods of feeding and farming.

Butter and cheese making and poultry raising are encouraged by liberal appropriations, and by employing a staff of trained workers and lecturers; and cold storage facilities are being provided as a necessary adjunct to the successful transport of perishable farmers' products. The expenditure on this branch was in 1895, \$216,740 as compared with \$92,365 in 1878.

4. On the protection and encouragement of our valuable fisheries in 1878 only \$93,262 was spent; in 1895 we expended \$443,822. This included over \$150,000 bounty to fishermen.

5. The Government's policy of subsidizing steam service to the West Indies, China and Japan, Australia and other countries, to provide an outlet for the surplus products of Canada involved a charge of \$513,268 in 1895 as compared with \$257,534 in 1878.

6. The militia and defence expenditure in 1895 was \$1,574,013 compared with \$618,136 in 1878. Recent events have conclusively proved that a strong and effective defence, for the immense resources possessed by this country, is absolutely necessary.

7. Ocean and river service providing for our vast water line, sea and inland, adequate protection for the immense fleet of vessels which yearly ply to and fro, carrying the commerce of Canada, cost in 1895, \$205,092 as compared with \$144,837 in 1878.

And so we might go on over the various services. They are absolutely necessary. They must grow as the country develops. Canada must be even with other progressive countries if she will keep her own population and attract settlers from without. It is easy to criticise these expenditures; who will dare to propose that the country do without these services?

An Answer by Comparison.

But this answer is made additionally weighty when we compare the growth of the expenditure and the operations of the people in business matters which they transact for themselves without the intervention of Government. We will take the same terms of five years for the purpose of comparison.

The people of Canada increased their payments for fire insurance from an average of \$3,591,502 from 1874 to 1878 to an average of \$6,404,416 from 1890 to 1894, an increase of 78 per cent.; they increased the amount of risk from \$381,223,162 to \$795,889,229, an increase of 109 per cent.

They increased their payments for life

insurance from \$2,757,638 to \$9,468,322, an increase of 243 per cent.; and the amount in force from \$85,083,269 to \$292,832,318, an increase of 244 per cent.

They increased their payments to railways for fares and freights from \$19,522,689 to \$35,206,562, an increase of 80 per cent.

They increased their discounts in the banks from \$128,139,062 to \$195,803,308, an increase of 53 per cent.

They increased their deposits in the chartered banks from \$73,926,285 to \$172,335,610, an increase of 133 per cent.

They increased their deposits in the savings banks, post office, Government and special, from \$13,804,097 to \$54,071,194, an increase of 292 per cent.

They increased the note circulation they used from \$33,843,062 to \$50,864,397, an increase of 50 per cent.

They increased the amount they sent by money orders, from \$6,864,660 to \$12,928,033, an increase of 88 per cent.

They increased the number of letters and post-cards they sent, from 45,043,900 to 126,690,000, an increase of 181 per cent.

They increased the papers, books and parcels they sent by mail, from 38,471,200 to 93,265,626, an increase of 142 per cent.

They increased the number of passengers carried by rail, from 5,813,097 to 13,764,817, an increase of 137 per cent.

They increased the freight they sent by railway, from 6,686,465 tons to 21,638,416, an increase of 224 per cent.

The shipping which entered and cleared from their ports, increased from a tonnage of 10,796,929 to 19,097,936, an increase of 77 per cent.

Tabulated these increases show as follows:

	Average 1874-1878.	Average 1891-1895.	Increase p.c. in favor of 1891-1895.
Expenditure, (Public).....	28,768,044	37,128,109	57
Fire Insurance premiums.....	3,591,503	6,404,416	79
" " at risk.....	381,223,162	795,889,229	109
Life " premiums.....	2,757,638	9,468,322	243
" " in force.....	85,083,269	292,832,318	244
Railway fares and freights.....	19,522,689	35,206,562	80
Discounts in banks.....	128,139,062	195,803,308	53
Deposits in chartered banks.....	73,926,285	172,335,610	133
" " savings banks.....	13,804,097	54,071,194	292
Note circulation.....	33,843,062	50,864,397	50
Letters and post cards.....	45,043,900	126,690,000	181
Papers, books and parcels.....	38,471,200	93,265,626	142
Passengers by railway.....	5,813,097	13,764,817	137
Freight, tonnage by rail.....	6,686,465	21,638,416	224
Shipping, entered and cleared.....	10,796,929	19,097,936	77
Money orders, amount.....	6,864,660	12,928,033	88

The people are evidently not afraid to increase their operations and expenditures when the outlay is judicious and beneficial in matters within their individual control, and they do not blame their representatives for adopting a similar course in regard to public business entrusted to the Government.

The Incidence of Taxation.

All agree that luxuries should pay most, and that necessary and staple articles should either pay less, or pay nothing at all; and that if taxation is to be laid, it should be so laid as to compensate, by its stimulation of industries, its employment of labor, and the increased consumption which it gives, for the burden upon the country, and which is necessary for the carrying on of the Government. Now, if that be true, Canada to-day, in her geographical position, with her natural resources, of the peculiar kinds that they are, is a country which is particularly happily situated for the system of taxation which has been the policy of this country from 1878 until the present day. For Canada, is a country which, in comparison with most countries in the world, has an advantage in possessing an over-supply of the great staples which are necessary for food, for lodging, and for the staple wants of the country. She has her forests with their immense resources; and the houses that are to be built, the barns that the farmers and the people require, and those works which require lumber as their staple, find in the country itself great resources in that respect, with a surplus going every year into the foreign markets of the world. The same is true with reference to the great cereal productions of the world. Canada is a country which produces more wheat, produces more barley, produces more staple foods of most kinds than is necessary for the sustenance of her people, and in those ways she is happily situated so far as the great necessities of life are concerned.

The Rich Man's Contribution.

Now, to come down to what may be considered a very common, but a very practical illustration, let us take the case of three persons to illustrate the incidence of the taxation. Here is our well-to-do man, who has means, who has luxurious tastes, and who is disposed to gratify them. With that no one finds fault, but this country says that if he is disposed to gratify them, and has the means to do it, he shall pay a tax

for doing it if he goes outside the country to obtain his luxuries and to get the things which he desires. If such a man as that buys in the city of New York \$1,000 worth of fine furniture and brings it into Canada, the country taxes him to the extent of \$300 upon that. If he is musically inclined and buys a piano which is worth \$1,000, he pays upon that, when it comes across the customs line, \$350. If he is fond of statuary and makes an investment in that line to the extent of \$500, he pays \$175 in duty in bringing it across the line. If he buys expensive plate to the value of \$500, the duty upon it is \$150. If he wears jewellery, or buys it for his household and brings it from a foreign country to the value of \$500, he pays \$125 duty upon it. If he is fond of wine and lays in 20 dozen of champagne, he pays upon that a tax of \$142. If he requires silks for the wear of himself and his family, to the modest tune of \$300, and imports them, he pays a tax of \$90. If he wishes a fine carriage and sees one to satisfy him there, and brings it across the line, and pays for it \$500, he pays a duty of \$175 upon it. Upon carpets for his house of extra make, which he may buy in a foreign market to the extent of \$800 in value, he pays a duty of 30 per cent., or \$240. Upon that modest stock of luxuries for a man of means who is disposed to gratify his desires in that respect, he has paid into the treasury of the country \$1,747 in duty. That is one man's contribution, but it is the contribution of a rich man who wishes these luxuries, who imports them from abroad, and who, the country says, being able to pay for them, must keep up the revenue of the country by paying a tax upon them.

The Farmer's Contribution.

Now we will take No. 2, and that is the case of the farmer of this country, for whom we all desire to do the best we can. The farmer of this country lives upon his farm in the rich Province of Ontario, let us say. Nearly all the foods that are used by the farmer are raised upon his own farm and pay no duty; the wheat he raises he has ground at the neighboring mill; it is brought into his home and he pays no duty upon it. The house itself, the outhouses, the barns, everything that is necessary in the way of housing for the work of the farm is built out of woods which grow in this country, of which we have a surplus, and upon which he pays no duty.

The clothing for himself and his family

is in many cases made from the wool which is raised by the farmer himself, or, if he does not raise it himself, he clothes himself and his family with the products of our mills, the raw material of which is admitted free. His lumber of all kinds, his furniture of all staple and solid kinds, his farming machinery, are made, and made to the best advantage, out of the woods of his own country. His fuel grows in the forests which are all about him, or is found in the mines in inexhaustible quantities in this country. So that taking it in the gross, in the rough, the staple articles of consumption, and of housing, and of fuel for the farmer are those of which this country produces a surplus, which are free within the borders of this country and upon which not one cent of tax is paid.

No. 3 is the artisan. He does not live on a farm on which he is able to raise what he consumes, but he lives in a village or town; but the articles of food which he buys, the clothing which he wears, the lumber he requires for house purposes, the furniture which he puts into his home, the tools which he uses to a large extent and the fuel he burns, which are the larger items in the expenditure of the artisan as well as in the expenditure of the farmer, are obtained in this country, which produces a surplus of them. No duty is paid, therefore, upon them. So that in this country with its present fiscal system and with its peculiar natural advantages, the tariff arrangement under which we live is one which brings the incidence of taxation where it should rest most heavily, viz., upon the man who buys luxuries and has expensive tastes and is willing to gratify them, and least heavily upon the farmer, the well-to-do middleman and the artisan and the laboring class. There is this other fact, which is one of considerable importance, that the peculiar structure of our tariff arrangement makes it almost a necessity, at least it makes it a possibility, that as the raw material which comes in as the material for manufacturers is untaxed, while the manufactured article pays tax, the stimulus given leads to the establishment of new industries, which in their turn gather about them labour and so afford employment to the people, and make in their turn centres for the consumption of the surplus products of the country. To make that argument just a little stronger, if we look into the customs returns we will find that more than 200 articles which enter into the manufacture of goods come in

duty free, and that nearly one half the imports for home consumption were, in 1895, admitted free of duty in this country.

Taxation in Canada and United States.

The comparison is made as well between the debt of the United States and the debt of Canada as it is between the taxation of the United States and the taxation of Canada, and the basis in one respect is almost as unfair as the basis in the other. But if we look through the figures of the taxation borne by the people of the United States, we will find that taking twenty-eight years, corresponding to the life of the Dominion of Canada, in the United States, in customs and excise—that is what we may call tax—they have paid at the rate, taking the average of their people, of \$6.03 per head during that period. If we take the amount paid by the people of Canada for customs and excise in the same time, the average for its population is but \$5.21 per head, a difference in favor of the Canadian citizen of 82 cts. per head on the amount of customs and excise taxation for the period of twenty-eight years ending 1894-95. That is, if Canada, during those twenty-eight years, had been as heavily taxed for customs and excise as were the people of the United States, we would have paid, taking our average population at 4,000,000 souls, \$101,840,000 more than we did pay under our lower system of taxation, as compared with that of the United States.

Sometimes people think that only a country like Canada, enjoying a protective tariff, has to pay customs and excise taxes.

Taxation in Free Trade Britain.

If we go to Great Britain, what do we find? We find the taxes gathered there in 1894 were as follows:—

Customs.....	\$ 95,907,400;	amount per capita.	\$2.47
Excise.....	122,844,000	do	8.16
Stamps.....	62,385,333	do	1.61
Land Tax.....	5,037,000	do	0.13
House Tax.....	6,935,000	do	0.13
Property and Income Tax.....	75,973,833	do	1.90
Total Revenue.....	367,78,066	do	9.45

So there is a tax paid under these different heads of \$9.45 per head of the population in free trade Great Britain. It is fair to say, after carefully looking into this matter, that taking the incidence of taxation in Great Britain and comparing it with Canada, it is much more severe and onerous upon the poorer classes of Great Britain than it is upon the poorer classes of Canada, and it does not have the beneficial effect

there in the way of stimulating industries and giving employment to labor that it has in Canada. In France the tax per head reaches \$11.92, or a difference in favor of Canada of \$6.92 per head. In Australasia the tax per head is \$13.74, or a difference in favor of Canada of \$10.74.

THE APPLICATION OF TAXATION.

We must all agree that in considering taxation, it is always necessary to have regard to the application of the money which is raised by taxation, and when we come to look into that a little we will find that Canada stands in a position of immense vantage in this respect, as compared with the United States of America or Great Britain. In the United States for the year 1894 we find that they made the following payments :

EXPENDITURE.	
UNITED STATES. 1894.	
Interest on debt.....	\$ 27,841,406
Pensions	141,177,285
Civil expenses.....	26,943,387
Redemption of bonded debt..	221,587
Military.....	54,567,930
Navy.....	31,701,294
Miscellaneous.....	85,283,979
	<hr/>
	\$367,746,863

So that for those expenses alone, nearly all of which are for war, or for the results of war, or for the keeping up of the military status, there was paid by the United States \$368,000,000. When we look at Great Britain, we will find the statement equally true with reference to the application

or taxation. Great Britain last year paid the following sums in expenditure :—

GREAT BRITAIN.	
PAID 1894.	
Interest on debt, including cost of management and sinking fund.....	\$121,873,738 47
Naval and military list.....	163,350,712 20
Civil list and administration..	96,152,115 10
	<hr/>
	\$381,376,575 77

Or a total of nearly \$381,000,000 for these services, while only about \$50,000,000 was paid for the collection of revenue, post office service, telegraph service and packet service. Having regard, then, to the application of taxation, there is no comparison, as far as the benefit to the people is concerned, between the taxes which are raised in Great Britain and the United States and those which are raised in Canada.

With the exception of the money expended as a result of the unhappy outbreak in the Northwest, every cent of taxation, speaking in the gross, which is raised in Canada, and which has been raised since Confederation, has gone, not for war, not for waste, not to make up the ravages of war or to pay for the consequences of war, but to construct productive public works which have repaid the country for the outlay and have made this a country where business is speeded, where commerce finds splendid facilities, and where the people have every resource at their command to make them a business people, with profit to themselves and prosperity to the country.

THE SAVINGS OF THE PEOPLE.

Equally significant is the story told by the record of the savings of the people of Canada during the Liberal Conservative period from 1878 to date.

perity of a country is found in its savings. From 1874 to 1878 the savings of the people actually diminished. The following table shows the position since 1878 :—

DEPOSITS IN SAVING AND OTHER BANKS DEC. 31ST, OF EACH YEAR.				
	1878	1891	1894	1895
P. O. & Govt. Savings Banks	\$8,731,167	\$38,659,857	\$42,855,456	45,055,719
Other Savings Banks	5,548,125	11,900,753	13,114,321	4,249,077
Chartered Bank	66,406,516	162,807,542	182,030,669	187,119,573
Loan and Building Societies	8,269,295	18,482,958	18,531,578	20,762,944
	<hr/>	<hr/>	<hr/>	<hr/>
Total.....	\$88,955,104	\$221,842,111	\$256,582,020	\$267,207,314

From the above it will be seen that from 1878 to 1895 deposits in the Government

Savings Banks increased by \$36,324,552, or 416 per cent.; deposits in other savings banks increased by \$8,700,952, or 157 per cent.; deposits in chartered banks increased \$120,713,057, or 182 per cent.; deposits in loan and building societies increased by

\$12,513,649, or 151 per cent.; the total of the people's deposits increased by \$178,252,210, or 200 per cent.

This tells its tale, and it is by no means a "tale of woe."

THE CREDIT OF CANADA.

In 1867 Canada was paying six and seven per cent. on her loans made in England, and the average rate on total gross debt was nearly five per cent.

In 1873 the rate had been brought down to five and six per cent. on English loans, and an average on gross debt of about 4½ per cent.

In 1878 Canadian loans in England cost us from four to five per cent., and the average rate of interest on gross debt was 4.02 per cent.

Since then the National Policy has been in operation and the dire results of a bad

policy and worse administration according to the Grit accusations have had full time to mature.

What are there results?

In London we find the keenest business men and financiers of the world. They examine the condition of every borrowing country. Nothing escapes their notice. This verdict is the highest and most trustworthy that can be obtained. To these financiers Canada must go in recurring years for her loans. Their rating is the final and unappealable test. What is their rating? In tabular form it is shown annexed:—

TABLE OF LOANS ISSUED SINCE 1867, WITH CONDITIONS AND RESULTS.

LOAN.	Total Issue.	Rate.	Duration.	Minimum.	Price Realized.	Net Amount Realized.	Actual Rate of Interest Paid.
	£				£ s. d.	£	
1869, I.C.R. guaranteed....	1,500,000	4	..	..	105 12 11½	2,083,049	4.12
1869 " unguaranteed. }	500,000	5	35	..	..	..	..
1873 " guaranteed....	1,500,000	4	30	..	..	..	..
Rupert's Land "	300,000	4	31	..	104 7 8	1,845,521	3.91
Loan of 1874.....	4,000,000	4	30	90	90 3 3	3,548,233	4.87
" 1875 guaranteed....	1,500,000	4	35	..	..	..	..
" 1875 unguaranteed }	1,000,000	4	30	..	99 1 8	2,434,221	4.16
" 1876.....	2,500,000	4	30	91	91 0 0	2,217,877	4.75
" 1878.....	1,500,000	4	35	96½	..	..	..
" 1878.....	1,500,000	4	30	..	96 11 9	2,861,049	4.30
" 1879.....	3,000,000	4	29	95	95 1 10½	2,804,803	4.50
" 1884.....	3,000,000	8½	*25	91	91 2 2	4,459,436	4.23
" 1885.....	4,000,000	4	*25	99	101 1 8	3,961,317	4.08
Canada reduced.....	8,443,131	4	24½	..	..	6,355,588	4.10
Loan of 1888 ..	4,000,000	3	50	92½	95 1 0	3,734,497	3.27
" 1892.....	2,250,000	3	46	91	92 0 10½	2,024,538	3.48
" 1894.....	2,500,000	3	44	95	97 9 2	2,480,972	3.18

* Or 50 years, calculated for 25 years only.

† Sinking fund of ¼ per cent. ‡ Sinking fund of 1 per cent.

From the above table it appears that whereas an unguaranteed loan at four per cent. in 1876 realized only £91 for every £100, and was thus subjected to a discount of £9 on the £100, and brought the rate up to 4¾ per cent.; the loan in 1894 realized £97 9s. 2d. for every £100, and went at a net rate of interest of 3½ per cent. The improvement is remarkable.

The last loan made by Canada was in October, 1894. The period was in the very midst of a business and financial depression world-wide in extent. Only the best securities could tempt money into investment. The Finance Minister asked for £2,500,000. What was the answer?

1. The tenders received for this loan were the most generally distributed, and had the widest scope among individual

and *bona fide* investors of any loan ever placed by Canada in the market; no less than five hundred and sixty-six different tenders being sent in.

2. Tenders were received for nearly £12,000,000 instead of the £2,500,000 asked for, *i.e.*, the loan was subscribed five times over.

3. The minimum price had been fixed at £95 to the £100, and the rate was three per cent. The highest went at £99 12s. 2d. or nearly par, while fifty per cent. of the loan went at £97 8s. 6d. and the average at £97 9s. 2d. The rate including all costs and charges was three and one-sixth per cent., the best figure ever obtained on the British market.

About that time or a little later, the United States brought out a loan for \$60,000,000, and it was taken at a price which brought the rate to about *three and three-quarter per cent*.

Evidently, the 'Liberal-Conservative Policy and Administration has not impaired the credit of Canada.

The English loans now cost us a fraction higher than three per cent., and the average interest on the gross debt is now reduced to 3.29 per cent. as compared with 4.02 per cent. when the Grits went out of office.

No English colony stands to-day so high in point of credit as does Canada, and few countries in the world can borrow to better advantage.

A COMPARISON OF 1874-79 WITH 1890-95.

If we take the five years during which the Grits were in power and compare it with the last five years of Liberal-Conservative administration we learn many instructive lessons.

(a) As to surplus and deficit :

From 1890 to 1895, which was the period of hard times and business depression just passed through under the present Administration, there have been deficits of \$5,364,207 and surpluses of \$3,746,276, leaving a net deficit of \$1,617,931.

In the period from 1874 to 1879, there were deficits amounting to \$6,426,958 and surpluses amounting to \$935,644, leaving a net deficit of \$5,491,314.

And it is well to observe the fact that although the net deficit in the Grit period was five and a half million dollars, they remitted no burdens of the people, but laid on extra taxation; while in the period during which the net deficit, under the present Administration, amounted to one and a half million dollars, the people were relieved in sugar taxation alone, of upwards of \$19,000,000 of taxes.

(b) As to increase of debt :

The increase in debt for the period from 1890 to 1895, inclusive, is \$15,544,885, or an average of \$2,590,814 per year. We find that, during that period, there was spent on capital account the following sums:—On canals, \$11,319,379; on the Intercolonial Railway and connecting roads, \$4,918,781; on the Canadian Pacific

Railway, \$754,145, a total of \$16,992,308, which more than offsets the addition to the debt. We have also paid in railway subsidies in these years \$7,543,945. So that, in calculating the addition to the debt, and appraising it at its true value, the country must simply ask itself whether or not the deepening and widening and finishing of the canals, the expansion and completion of the Intercolonial Railway and its connected railways, and the railway subsidies which have been instrumental in increasing the railroad and consequently the commercial facilities of the country are a sufficient offset. If they are, the addition to the debt is fully justified; and, in the opinion of business and thinking men, it is fully justified.

(c) As to relative taxation :

This is clearly shown in the table on the following page.

Earnings in 1879 were 97 cents per head of the population; in 1895 they were \$1.67 per head. That is our public works were 111 p. c. more productive.

Customs in 1875 were \$3.95 per head; in 1895, \$3.47 or 48 cents per head less.

Excise in 1875 was \$1.30 per head; in 1895 \$1.53. That is involuntary taxation was greater by \$0.23 per head.

Total taxation in 1875 was \$5.32 per head; in 1895 it was \$5.00 per head; being a reduction of 32 cents per head of the population.

EARNINGS AND TAXATION by Customs and Excise Duties, and proportion to population, 1868-1895.

Year.	Earnings, Various Sources.	Amount per Head.	Customs.	Amount per Head.	Excise.	Amount per Head.	TAXATION, Including Customs and Excise.		Taxation Percent- age of Total Revenue.
							Gross Amount.	Average per Head.	
	\$	cts.	\$	\$	cts.	\$	\$	cts.	\$
1868	1,867,247 41	0 59	8,578,330	2 54	3,002,588	0 89	11,700,681	8 47	85 48
1869	3,266,604 51	0 96	8,272,879	2 42	2,710,028	0 79	11,112,573	8 26	77 28
1870	2,424,242 33	0 70	8,334,212	2 70	3,619,622	1 05	13,087,862	8 79	84 37
1871	3,015,122 11	0 86	11,841,104	3 36	4,295,944	1 22	16,320,368	4 64	84 41
1872	3,909,261 64	0 83	12,787,932	3 54	4,735,651	1 32	17,715,552	4 91	85 53
1873	3,193,914 67	0 87	13,934,194	3 58	4,460,681	1 32	17,616,554	4 80	84 64
1874	4,075,507 37	1 07	14,325,192	3 74	5,594,903	1 46	20,129,185	5 26	83 16
1875	3,883,836 08	1 03	15,251,011	3 95	5,059,687	1 30	20,664,878	5 32	83 84
1876	3,973,172 03	1 01	12,823,837	3 25	5,563,487	1 41	18,614,415	4 71	82 41
1877	4,361,349 29	1 09	12,546,937	3 14	4,941,397	1 23	17,697,924	4 41	80 23
1878	4,533,073 69	1 11	12,782,824	3 13	4,853,671	1 19	17,841,938	4 37	79 74
1879	4,040,768 79	0 97	13,900,639	3 11	6,390,763	1 30	18,476,613	4 46	82 05
1880	4,927,830 25	1 15	14,071,313	3 24	4,232,427	1 00	18,479,576	4 39	79 29
1881	5,393,158 59	1 31	18,408,092	4 23	5,343,032	1 23	23,942,138	5 51	80 79
1882	5,834,409 07	1 33	21,581,570	4 87	5,684,859	1 33	27,549,046	6 22	82 53
1883	6,524,950 99	1 44	23,009,592	5 09	6,260,116	1 39	29,269,698	6 48	81 77
1884	6,378,762 54	1 38	20,023,890	4 43	5,452,809	1 18	25,483,199	5 53	79 98
1885	7,412,471 90	1 58	18,933,428	4 03	6,449,101	1 37	25,384,529	5 40	77 39
1886	7,950,584 18	1 66	19,373,551	4 04	5,852,904	1 23	25,226,456	5 26	76 03
1887	7,067,991 32	1 45	22,378,801	4 59	6,308,101	1 29	28,687,002	5 88	80 23
1888	7,731,030 35	1 55	23,105,926	4 45	6,071,487	1 22	28,177,413	5 67	78 47
1889	8,169,347 72	1 61	23,725,754	4 67	6,836,739	1 35	30,613,523	6 03	78 93
1890	8,292,833 68	1 60	23,968,924	4 66	7,618,118	1 47	31,587,073	6 09	79 21
1891	8,265,159 73	1 71	23,399,301	4 84	6,914,830	1 43	30,314,151	6 26	78 57
1892	8,475,714 29	1 72	20,501,059	4 18	7,945,098	1 62	28,446,157	5 81	77 04
1893	8,847,241 43	1 83	20,954,093	4 22	8,368,364	1 69	29,321,367	6 07	79 84
1894	8,705,439 98	1 82	19,198,114	3 97	8,381,039	1 73	27,579,203	5 71	75 82
1895	8,5319,30 76	1 67	17,640,466	3 47	7,863,733	1 53	25,446,199	5 00	81 16